TXC Corporation and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2015 and 2014

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	March 31, 2015 (Reviewed)		December 31, 2014 (Audited)		March 31, 2014 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	$ 2,173,064	16	$ 1,768,404	13	$ 1,696,570	13
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,065,249	8	1,149,004	9	966,028	7
Available-for-sale financial assets - current (Notes 4 and 8)	130,957	1	20,800	-	118,220	1
Notes receivable (Notes 4, 5 and 12)	55,614	-	42,961	-	56,905	1
Accounts receivable (Notes 4, 5 and 12)	2,685,981	19	2,918,461	21	2,539,968	19
Receivables from related parties (Notes 4, 5, 12 and 32)	5,879	-	6,870	-	13,391	-
Other receivables (Notes 4 and 12)	44,760	-	59,122	1	55,896	-
Other receivables from related parties (Notes 4, 12 and 32)	828	-	628	-	887	-
Inventories (Notes 4 and 13)	1,774,103	13	1,657,491	12	1,786,092	13
Other prepayments	26,424	-	17,057	-	22,621	-
Prepaid rental (Notes 4 and 18)	2,646	-	2,564	-	2,571	-
Other financial assets - current (Note 11)	-	-	53,244	-	120,843	1
Other current assets - other (Note 19)	85,402	1	109,962	1	96,467	1
Total current assets	8,050,907	58	7,806,568	57	7,476,459	56
NONCURRENT ASSETS						
Available-for-sale financial assets - noncurrent (Notes 4 and 8)	44,510	-	44,510	-	44,510	-
Held-to-maturity financial assets (Notes 4, 5 and 9)	98,120	1	47,840	-	47,840	-
Financial assets carried at cost (Notes 4 and 10)	161,998	1	111,998	1	198,245	2
Investments accounted for using equity method (Notes 4 and 15)	66,855	1	64,335	1	67,546	1
Property, plant and equipment (Notes 4 and 16)	4,962,083	36	5,153,830	38	5,351,302	40
Investment properties (Notes 4 and 17)	56,050	-	55,173	1	55,527	-
Deferred income tax assets (Notes 4, 5 and 27)	24,217	-	29,489	-	20,354	-
Prepayment for equipment	82,627	1	50,635	-	31,973	-
Refundable deposits (Notes 4 and 29)	2,205	-	11,961	-	4,614	-
Long-term prepaid rent (Note 18)	116,805	1	119,352	1	116,097	1
Other noncurrent assets (Note 19)	118,319	1	126,556	1	42,824	-
Total noncurrent assets	5,733,789	42	5,815,679	43	5,980,832	44
TOTAL	$ 13,784,696	100	$ 13,622,247	100	$ 13,457,291	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term loans (Note 20)	$ 452,435	3	$ 425,585	3	$ 893,655	7
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	15,352	-	25,274	-
Accounts payable (Note 22)	1,130,899	8	1,068,131	8	1,106,073	8
Accounts payables to related parties (Notes 22 and 32)	453	-	321	-	244	-
Other payables (Note 23)	477,576	3	606,921	4	466,346	3
Other payables to related parties (Note 32)	1,486	-	1,139	-	1,615	-
Current tax liabilities (Notes 4 and 27)	83,029	1	73,576	1	74,224	1
Current portion of bonds payable and long-term bank loans (Notes 20 and 21)	1,471,209	11	538,300	4	491,410	4
Other current liabilities (Note 23)	61,476	-	62,449	1	40,137	-
Total current liabilities	3,678,563	26	2,791,774	21	3,098,978	23
NONCURRENT LIABILITIES						
Bonds payable (Note 21)	-	-	782,139	6	769,480	6
Long-term bank loans (Note 20)	843,875	6	944,025	7	787,500	6
Deferred income tax liabilities (Notes 4 and 27)	125,756	1	138,976	1	128,425	1
Net defined benefit liabilities - non-current (Notes 4 and 24)	36,592	-	39,891	-	34,163	-
Guarantee deposits received (Notes 4 and 23)	57,359	1	30,866	-	31,237	-
Total noncurrent liabilities	1,063,582	8	1,935,897	14	1,750,805	13
Total liabilities	4,742,145	34	4,727,671	35	4,849,783	36
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT						
Capital stock (Note 25)						
Common stock	3,097,570	23	3,097,570	23	3,097,570	23
Capital surplus	1,662,181	12	1,662,181	12	1,662,181	12
Retained earnings						
Appropriated as legal capital reserve	957,864	7	957,864	7	864,348	6
Appropriated as special capital reserve	222,793	2	222,793	2	222,793	2
Unappropriated earnings	2,832,437	20	2,611,372	19	2,624,767	20
Total retained earnings	4,013,094	29	3,792,029	28	3,711,908	28
Other equity						
Exchange differences on translating foreign operations	269,568	2	341,996	2	134,725	1
Unrealized loss on available-for-sale financial assets	138	-	800	-	1,124	-
Total other equity	269,706	2	342,796	2	135,849	1
Total equity attributable to owners of the parent	9,042,551	66	8,894,576	65	8,607,508	64
Total equity	9,042,551	66	8,894,576	65	8,607,508	64
TOTAL	$ 13,784,696	100	$ 13,622,247	100	$ 13,457,291	100

The accompanying notes are an integral part of the consolidated financial statements.

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2015		2014	
	Amount	%	Amount	%
SALES (Note 4)	$ 2,135,069	100	$ 2,165,532	100
COST OF GOODS SOLD (Note 26)	(1,601,849)	(75)	(1,656,129)	(76)
GROSS PROFIT	533,220	25	509,403	24
OPERATING EXPENSES (Note 26)				
Selling and marketing expenses	121,339	6	104,625	5
General and administrative expenses	88,339	4	90,777	4
Research and development expenses	106,750	5	99,845	5
Total operating expenses	316,428	15	295,247	14
INCOME FROM OPERATIONS	216,792	10	214,156	10
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4 and 26)	21,409	1	38,376	2
Other gains and losses (Note 26)	13,807	1	6,965	-
Finance costs (Notes 4 and 26)	(10,917)	(1)	(11,431)	-
Share of profits of associates and joint venture (Note 15)	2,520	-	4,982	-
Total non-operating income and expenses	26,819	1	38,892	2
INCOME BEFORE INCOME TAX	243,611	11	253,048	12
INCOME TAX EXPENSE (Note 27)	(22,546)	(1)	(30,936)	(2)
NET INCOME	221,065	10	222,112	10
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that maybe reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	(72,428)	(3)	59,389	3
Unrealized gain (loss) on available-for-sale financial assets	(662)	-	1,124	-
Other comprehensive income (loss) for the period, net of income tax	(73,090)	(3)	60,513	3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 147,975	7	$ 282,625	13

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2015		2014	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 28)				
From continuing operations				
Basic	$ 0.71		$ 0.72	
Diluted	$ 0.68		$ 0.68	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Parent								
	Capital Stock - Common Stock			Retained Earnings			Others		
	Shares	Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Available-for-sale Financial Assets	Total Equity
BALANCE, JANUARY 1, 2014	309,757	$ 3,097,570	$ 1,662,181	$ 864,348	$ 222,793	$ 2,402,655	$ 75,336	$ -	$ 8,324,883
Net income for the three months ended March 31, 2014	-	-	-	-	-	222,112	-	-	222,112
Other comprehensive income for the three months ended March 31, 2014, net of income tax	-	-	-	-	-	-	59,389	1,124	60,513
Total comprehensive income for the three months ended March 31, 2014	-	-	-	-	-	222,112	59,389	1,124	282,625
BALANCE, MARCH 31, 2014	309,757	$ 3,097,570	$ 1,662,181	$ 864,348	$ 222,793	$ 2,624,767	$ 134,725	$ 1,124	$ 8,607,508
BALANCE, JANUARY 1, 2015	309,757	$ 3,097,570	$ 1,662,181	$ 957,864	$ 222,793	$ 2,611,372	$ 341,996	$ 800	$ 8,894,576
Net income for the three months ended March 31, 2015	-	-	-	-	-	221,065	-	-	221,065
Other comprehensive income for the three months ended March 31, 2015, net of income tax	-	-	-	-	-	-	(72,428)	(662)	(73,090)
Total comprehensive income for the three months ended March 31, 2015	-	-	-	-	-	221,065	(72,428)	(662)	147,975
BALANCE, MARCH 31, 2015	309,757	$ 3,097,570	$ 1,662,181	$ 957,864	$ 222,793	$ 2,832,437	$ 269,568	$ 138	$ 9,042,551

The accompanying notes are an integral part of the consolidated financial statements.

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 243,611	$ 253,048
Adjustments for:		
Impairment (gain) loss recognized on trade receivable	(1,136)	564
Depreciation expense	239,750	230,452
Amortization expense	4,630	6,492
Net (gain) loss on fair value change of financial liabilities at fair value through profit or loss	(17,349)	13,793
Interest expense	10,917	11,431
Share of profits of associates and joint venture	(2,520)	(4,982)
Interest income	(7,095)	(5,132)
Impairment loss of financial assets	-	1,936
Loss on valuation of inventories	12,390	3,487
(Gain) loss on disposal of property, plant and equipment	(5,772)	1,483
Gain on sale of investments	(1,254)	-
Changes in operating assets and liabilities:		
Decrease in financial assets held for trading	223,018	42,627
Increase in notes receivable	(12,621)	(36,572)
Decrease in trade receivables	233,619	62,575
Decrease (increase) in receivables from related parties	998	(4,034)
Decrease other receivables	14,875	25,506
Increase other receivables from related parties	(200)	-
Increase in inventories	(128,837)	(136,905)
Increase in prepayments	(9,367)	(14,314)
Decrease in other current assets	24,560	360
Increase in accounts payable	62,768	219,446
Increase in accounts payable to related parties	132	67
Decrease in other payables	(121,154)	(128,911)
Increase in other payables to related parties	347	588
Decrease in net defined benefit liabilities-non-current	(3,299)	-
Decrease in other current liabilities	(973)	(6,831)
Cash generated from operations	760,038	536,174
Interest paid	(14,965)	(6,989)
Income taxes paid	(21,041)	(18,059)
Net cash generated by operating activities	724,032	511,126
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of net gain or loss arising on financial assets classified as held for trading recognized originally	(309,834)	(563,933)
Disposal of net gain arising on financial assets classified as held for trading recognized originally	156,123	1,693

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2015	2014
Purchase of available-for-sale financial assets	$ (130,819)	$ (69,618)
Purchase of financial assets at cost	(50,000)	-
Proceeds on sale of available-for-sale financial assets	21,254	-
Purchase of held-to-maturity financial assets	(50,280)	-
Payments for property, plant and equipment	(92,728)	(42,095)
Proceeds from disposal or redemption of		
Property, plant and equipment	13,317	11,460
Increase in refundable deposits	-	(230)
Decrease in refundable deposits	9,756	-
Decrease in other financial assets	53,244	-
Increase in other financial assets	-	(96,400)
Decrease in other noncurrent assets	1,326	-
Increase in prepayment for equipment	(31,992)	(19,959)
Interest received	6,582	4,810
Net cash used in investing activities	(404,051)	(774,272)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in short-term loans	30,394	186,387
Proceeds from long-term borrowings	200,000	-
Repayments of long-term borrowings	(150,000)	(100,000)
Guarantee deposits received	26,493	1,819
Net cash generated by financing activities	106,887	88,206
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(22,208)	41,974
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	404,660	(132,966)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,768,404	1,829,536
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 2,173,064	$ 1,696,570

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

TXC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

TXC Corporation (TXC) was incorporated on December 28, 1983 under the Company Law and other related regulations of the Republic of China (ROC).

TXC specializes in five categories of products such as high quality Quartz Unite Crystal, Automotive Crystal, Crystal Oscillator (CXO) Surface Acoustic Wave (SAW) Filter, and Timing Module (TM), and provides complete solution in frequency devices and modules, and design service to fully satisfy various needs of the customers.

On August 26, 2002, TXC's shares began to be traded on the Taiwan Stock Exchange.

The functional currency of the Company is New Taiwan dollars. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company's stocks are listed on the Taiwan Stock Exchange.

In order to ensure investors' rights and interests, the Company had applied to Taiwan Corporate Governance Association for corporate governance assessment certification. The Company has acquired (CG6005 general version of corporate governance assessment and authentication) and (CG6008 advanced version of corporate governance assessment and authentication), on March 23, 2011 and June 27, 2013, respectively. The Company will continue to strengthen corporate governance functions in order to work with international standards and to protect public interests.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors and issued on May 4, 2015.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC

   Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Guidelines Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version would not have any material impact on the Group's accounting policies:

1) IFRS 13 "Fair Value Measurement"

   IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required by the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

   The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015. Refer to Note 31 for related disclosures.

2) Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income"

   The amendments to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

   The Group retrospectively applied the above amendments starting in 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans and share of the actuarial gains (loss) arising from defined benefit plans of associates/joint ventures accounted for using the equity method. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates/joint ventures accounted for using the equity method. However, the application of the above amendments will not have any impact on the net profit for the period, other comprehensive income for the period (net of income tax), and total comprehensive income for the period.

3) Revision to IAS 19 "Employee Benefits"

   The interest cost and expected return on plan assets used in current IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

b. New IFRSs in issue but not yet endorsed by FSC

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2017
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs has not had any material impact on the Group's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments is derecognized or reclassified the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

2) Amendment to IAS 19: Amendment in 2013

The amended IAS 19 states that if contributions from employees or third parties are not linked to service, these contributions affect the remeasurement of the net defined benefit liability (asset). If the contributions are linked solely to service, the employees' service rendered in that period in which they are paid, these contributions may be recognized as a reduction of service cost in the same period. If the contributions depend on the number of years of service, an entity is required to attribute these contributions to service periods as a reduction of service cost.

3) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

4) IFRIC 21 "Levies"

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. It addresses the accounting for a liability whose timing and amount is certain and the accounting for a provision whose timing or amount is not certain. The Group accrues related liability when the transaction or activity that triggers the payment of the levy occurs. Therefore, if the obligating event occurs over a period of time (such as generation of revenue over a period of time), the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold (such as a minimum amount of revenue or sales generated), the liability is recognized when that minimum threshold is reached.

5) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 "Share-based Payment", IFRS 3 "Business Combinations" and IFRS 8 "Operating Segments" were amended in this annual improvement.

The amended IFRS 2 changes the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition". The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

6) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards including IFRS 3, IFRS 13 and IAS 40 “Investment Property” were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

7) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

8) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulated that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when an entity sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated. Also, when an entity loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated.

9) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 "Noncurrent assets held for sale and discontinued operations", IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

IFRS 5 was amended to clarify that reclassification between non-current assets (or disposal group) "held for sale" and non-current assets "held for distribution to owners" does not constitute a change to a plan of sale or distribution. Therefore, previous accounting treatment is not reversed. The amendment also explains that assets that no longer meet the criteria for "held for distribution to owners" and do not meet the criteria for "held for sale" should be treated in the same way as assets that cease to be classified as held for sale.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.

IAS 19 was amended to clarify that the depth of the market for high quality corporate bonds used to estimate discount rate for post-employment benefits should be assessed by the market of the corporate bonds denominated in the same currency as the benefits to be paid, i.e. assessed at currency level (instead of country or regional level).

10) Amendment to IAS 1 "Disclosure Initiative"

The amendment clarifies that the consolidated financial statements should be prepared for the purpose of disclosing material information. To improve the understandability of its consolidated financial statements, the Group should disaggregate the disclosure of material items into their different natures or functions, and disaggregate material information from immaterial information.

The amendment further clarifies that the Group should consider the understandability and comparability of its consolidated financial statements to determine a systematic order in presenting its footnotes.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuingly assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosure information included in the consolidated financial statements is less than those required in a complete set of annual financial statements.

b. Basis of consolidation

Please refer to Note 14 and Table 4 for related disclosures.

c. Except for the following, the initial application of the above 2014 IFRSs version has not had any material impact on the Group's accounting policies:

1) Retirement benefit costs

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events

2) Income taxes

Income tax expense is the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2014, except for those described below.

6. CASH AND CASH EQUIVALENTS

	March 31, 2015	December 31, 2014	March 31, 2014
Cash on hand	$ 735	$ 705	$ 1,151
Demand deposits	1,514,891	1,345,005	715,677
Check accounts	4,455	3,528	7,788
Cash equivalents			
Time deposits	652,983	369,166	531,902
Repurchase agreements collateralized by bonds	-	50,000	440,052
	$ 2,173,064	$ 1,768,404	$ 1,696,570

The market rate intervals of cash in bank repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	March 31, 2015	December 31, 2014	March 31, 2014
Deposits in banks	0.17%-4.50%	0.02%-4.03%	0.17%-3.44%
Repurchase agreements collateralized by bonds	-	0.63%-0.65%	0.60%-0.70%

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2015	December 31, 2014	March 31, 2014
Financial assets designated as at FVTPL			
Structured deposit (a)	$ 468,367	$ 315,418	$ 569,477
Financial assets held for trading			
Derivative financial assets (not under hedge accounting)			
Forward exchange contracts (b)	2,978	-	-
Non-derivative financial assets			
Non-derivative financial assets mutual funds	593,904	833,586	396,551
Financial assets at fair value through profit or loss	$ 1,065,249	$ 1,149,004	$ 966,028
Financial liabilities held for trading			
Derivative financial assets (not under hedge accounting)			
Forward exchange contracts (b)	$ -	$ 15,352	$ 25,274

a. The Group entered into a short-term structured time deposit contract with a bank from January 1, 2015 to March 31, 2015 and 2014. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The Group designated the entire contract as financial assets at FVTPL on initial recognition.

b. Outstanding forward exchange contracts consisted of the following:

	Currency	Maturity Date	Contract Amount (In Thousands)
March 31, 2015			
Sell	USD/NTD	2015.04.01-2015.04.27	USD4,000/NTD126,480
Sell	USD/JPY	2015.04.02-2015.05.26	USD3,753/JPY447,387
Sell	USD/RMB	2015.04.03-2015.08.04	USD13,900/RMB87,281
Knock-out forward	USD/NTD	2015.05.07-2015.06.11	USD4,000/NTD127,650
Knock-out forward	USD/JPY	2015.04.02-2015.05.07	USD3,000/JPY361,400

(Continued)

	Currency	Maturity Date	Contract Amount (In Thousands)
December 31, 2014			
Sell	USD/NTD	2015.01.05-2015.04.01	USD13,000/NTD404,240
Sell	USD/JPY	2015.01.05-2015.03.03	USD6,500/JPY764,631
Sell	USD/RMB	2015.02.26-2015.03.23	USD2,500/RMB15,569
Knock-out forward	USD/NTD	2015.01.05-2015.03.02	USD3,000/NTD93,360
Sell	USD/RMB	2015.01.05-2015.05.05	USD16,000/RMB99,256
March 31, 2014			
Sell	USD/NTD	2014.04.01-2014.06.25	USD19,900/NTD602,398
Knock-out forward	USD/NTD	2014.04.22-2014.06.23	USD4,000/NTD122,150
Sell	USD/JPY	2014.04.03-2014.07.14	USD10,000/JPY1,023,579
Sell	USD/RMB	2014.04.22-2014.12.30	USD21,800/RMB132,759
Sell	USD/RMB	2014.05.19-2014.06.24	USD6,500/RMB39,438

(Concluded)

The Group entered into cross-currency swap contracts during the three months ended March 31, 2015 and 2014 to manage exposures due to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31, 2015	December 31, 2014	March 31, 2014
Current			
Domestic investments			
Mutual funds	$ 130,957	$ 20,800	$ 118,220
Noncurrent			
Domestic investments			
Listed shares	$ 44,510	$ 44,510	$ 44,510

The market value of available-for-sale financial assets has been lower than the book value. As a result, the Group evaluated and recognized an impairment loss of $1,936 thousand during the period of three months ended March 31, 2014.

9. HELD-TO-MATURITY FINANCIAL ASSETS

	March 31, 2015	December 31, 2014	March 31, 2014
Noncurrent			
Corporate bonds - Chinatrust	$ 47,840	$ 47,840	$ 47,840
Corporate bonds - Cayman Ton Yi	50,280	-	-
	$ 98,120	$ 47,840	$ 47,840

In 2013, the Group bought the denomination of RMB10 thousand and 3-year corporate bonds issued by Chinatrust with a coupon rate of 2.9% and an effective interest rate of 2.9%. And in 2015, the Group bought the denomination of RMB10 thousand corporate bonds issued by Cayman Ton Yi Industrial Holdings Limited with a coupon rate of 4.2% and an effective interest rate of 4.2%.

10. FINANCIAL ASSETS MEASURED AT COST

	March 31, 2015	December 31, 2014	March 31, 2014
Noncurrent			
Domestic unlisted common shares	$ 115,520	$ 65,520	$ 101,000
Overseas unlisted common shares	46,478	46,478	46,478
Overseas unlisted preferred shares	-	-	50,767
	$ 161,998	$ 111,998	$ 198,245

The Group has assessed the recoverable amount of the financial assets measured at cost and recognized an impairment loss of $45,633 thousand during the period of year ended December 31, 2014. The Group sold overseas unlisted common shares of Sitime to unrelated party and received $7,917 thousand. Meanwhile, recognized a disposal loss of $32,697 thousand. (See Note 34)

Management believed that the above unlisted equity investments held by the Group, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

11. OTHER FINANCIAL ASSETS

	March 31, 2015	December 31, 2014	March 31, 2014
Current			
Time deposits with original maturity more than 3 months	$ -	$ 53,244	$ 120,843

The market interest rates of the time deposits with original maturity more than 3 months 0.56%-3.25% and 3.47%-3.62% per annum as of December 31, 2014 and March 31, 2014.

12. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	March 31, 2015	December 31, 2014	March 31, 2014
Notes receivable			
Notes receivable - operating	$ 55,700	$ 43,079	$ 57,099
Notes receivable - non-operating	-	-	-
Less: Allowance for impairment loss	(86)	(118)	(194)
	$ 55,614	$ 42,961	$ 56,905

(Continued)

	March 31, 2015	December 31, 2014	March 31, 2014
Accounts receivable			
Accounts receivable	$ 2,702,488	$ 2,936,107	$ 2,556,599
Accounts receivable - related parties	5,914	6,912	13,506
	2,708,402	2,943,019	2,570,105
Less: Allowance for impairment loss	(16,507)	(17,646)	(16,631)
Less: Allowance for impairment loss - related parties	(35)	(42)	(115)
	$ 2,691,860	$ 2,925,331	$ 2,553,359
Other receivables			
Income tax refund receivable	$ 13,983	$ 15,884	$ 16,231
Equipment payment receivable	-	-	15,093
Others	30,777	43,238	24,572
	$ 44,760	$ 59,122	$ 55,896

(Concluded)

The average credit period on sales of goods was 60 to 120 days. No interest was charged on trade receivables. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. Historical experience shows that the Group recognized an allowance in accordance with the proportion of accounts receivable of each customers.

The aging of receivables that were past due but not impaired was as follows:

	March 31, 2015	December 31, 2014	March 31, 2014
Less than 60 days	$ 66,794	$ 9,813	$ 33,974
61 - 90 days	7,813	23,169	19,789
91 - 365 days	-	10,534	-
	$ 74,607	$ 43,516	$ 53,763

The above aging schedule was based on the past due date.

Movements of the Allowance for Doubtful Accounts Receivables

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2014	$ -	$ 17,987	$ 17,987
Provision	-	376	376
Write-off	-	(1,649)	(1,649)
Effect of exchange rate changes	-	32	32
Balance at March 31, 2014	$ -	$ 16,746	$ 16,746

(Continued)

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2015	$ -	$ 17,688	$ 17,688
Provision	-	-	-
Reversal	-	(1,104)	(1,104)
Effect of exchange rate changes	-	(42)	(42)
Balance at March 31, 2015	$ -	$ 16,542	$ 16,542

(Concluded)

Movements of the Allowance for Doubtful Notes Receivables

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2014	$ -	$ 6	$ 6
Provision	-	188	188
Balance at March 31, 2014	$ -	$ 194	$ 194
Balance at January 1, 2015	$ -	$ 118	$ 118
Provision	-	-	-
Reversal	-	(32)	(32)
Balance at March 31, 2015	$ -	$ 86	$ 86

13. INVENTORIES

	March 31, 2015	December 31, 2014	March 31, 2014
Finished goods	$ 351,650	$ 364,217	$ 329,245
Work in process	393,005	385,832	310,323
Raw materials	217,589	215,815	267,626
Supplies and spare parts	47,074	48,981	45,735
Merchandise	538,223	413,199	614,324
Land to be development	226,562	229,447	218,839
	$ 1,774,103	$ 1,657,491	$ 1,786,092

Prepayment for land purchases is the payment made by Chongqing All Sum to acquire the land use right in Chongqing Gao-Shing District to develop and sell real estate. Chongqing All Sum has acquired real estate certificate issued by Chongqing Association of land and real estate resources during 2013. The land has not been constructed yet as of March 31, 2014.

The cost of inventories recognized as cost of goods sold in the three months ended March 31, 2015 and 2014 included $1,601,849 thousand and $1,656,129 thousand, respectively.

The cost of inventories recognized as cost of goods sold in the three months ended March 31, 2015 and 2014 included inventory write-downs of $12,390 thousand and $3,487 thousand, respectively.

14. SUBSIDIARIES

Subsidiary Included in Consolidated Financial Statements

The detail information of the subsidiaries at the end of reporting period was as follows:

			Percentage of Ownership at			
Investor	Investee	Business Nature	March 31, 2015	December 31, 2014	March 31, 2014	Note
TXC Corporation	Taiwan Crystal Technology International Limited (TCTI)	Investment holding	100.00	100.00	100.00	a), k)
	TXC Technology, Inc.	Marketing activities	100.00	100.00	100.00	b), k)
	TXC Japan Corporation	Marketing activities	100.00	100.00	100.00	c), k)
	Taiwan Crystal Technology (HK) Limited (TCT-HK)	Investment holding	100.00	100.00	100.00	g), k)
Taiwan Crystal Technology International Limited	Growing Profits Trading Ltd. (GPT)	International trading	100.00	100.00	100.00	d), k)
	TXC (Ningbo) Corporation (NGB)	Manufacture and sales of electronic products	100.00	100.00	100.00	e), k)
TXC (Ningbo) Corporation	TXC (HK) Limited (TXC HK)	International trading	-	-	100.00	f), k)
	TXC (Chongqing) Corporation (Chongqing)	Manufacture and sales of electronic products	59.56	59.56	59.56	h), k)
	Chongqing All Sun Company Limited (Chongqing All sun)	Marketing activities	100.00	100.00	100.00	i), k)
	Ningbo Jingyu Company Limited (Ningbo Jingyu)	Purchasing and selling electronic component	100.00	100.00	100.00	j), k)
Taiwan Crystal Technology (HK) Limited	TXC (Chongqing) Corporation (Chongqing)	Manufacture and sales of electronic products	40.44	40.44	40.44	h), k)

a. Taiwan Crystal Technology International Limited was incorporated on December 23, 1998 in Samoa.

b. TXC Technology, Inc. was incorporated on December 1, 2000 in California, U.S.A.

c. TXC Japan Corporation was incorporated on September 13, 2005 in Yokohama, Japan.

d. Growing Profits Limited was incorporated on March 9, 1999 in the British Virgin Islands.

e. TXC (Ningbo) Corporation was incorporated on March 12, 1999 in Ningbo, China.

f. TXC (HK) Limited was incorporated on March 31, 2008 in Hong Kong Special Administrative Region, China.

g. Taiwan Crystal Technology (HK) Limited was incorporated on July 16, 2010 in Hong Kong Special Administrative Region, China.

h. TXC (Chongqing) Corporation was incorporated on October 11, 2010 in Chongqing, China.

i. Chongqing All Sun Corporation was incorporated on February 10, 2011 in Chongqing, China.

j. Ningbo Jingyu Company Limited was incorporated on September 7, 2011 in Ningbo, China.

k. All company are not immaterial subsidiaries, their financial statements have not been review.

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2015	December 31, 2014	March 31, 2014
Investments in associates	$ 66,855	$ 64,335	$ 67,546

Investments in Associates

	March 31, 2015	December 31, 2014	March 31, 2014
Associates that are not individually material	$ 66,855	$ 64,335	$ 67,546

In November 2014, the TXC acquired 2,500 thousand shares of Tai-Shing Electronics Components Corporation for $65,000 thousand; following such acquisition, the Company's percentage of ownership in Tai-Shing was 12.5%.TXC has power to govern the financial and operating policies of Tai-Shing due to part of directors of TXC are the same as Tai-Shing. As a result, Tai-Shing is accounted for using the equity method.

The equity-method investees' financial statements, which had been used to determine the carrying amount of the Group's investments share of profit and other comprehensive income of associates, had not yet been reviewed. The Group believes that any adjustments arising would have had no material effect on the Group's financial statements.

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Total
Cost							
Balance at January 1, 2014	$ 598,145	$ 151	$ 2,353,668	$ 5,796,667	$ 14,816	$ 225,755	$ 8,989,202
Additions	-	-	295	39,713	-	2,087	42,095
Disposals	-	-	-	(41,730)	(778)	(324)	(42,832)
Effect of foreign currency exchange differences	-	-	11,547	55,360	194	1,882	68,983
Reclassification	-	-	-	14,456	-	(14,456)	-
Balance at March 31, 2014	$ 598,145	$ 151	$ 2,365,510	$ 5,864,466	$ 14,232	$ 214,944	$ 9,057,448
Accumulated depreciation and impairment							
Balance at January 1, 2014	$ -	$ 128	$ 547,758	$ 2,770,267	$ 10,058	$ 152,927	$ 3,481,138
Disposals	-	-	-	(28,878)	(701)	(310)	(29,889)
Depreciation expenses	-	6	32,329	189,159	509	7,639	229,642
Effect of foreign currency exchange differences	-	-	2,465	21,460	132	1,198	25,255
Balance at March 31, 2014	$ -	$ 134	$ 582,552	$ 2,952,008	$ 9,998	$ 161,454	$ 3,706,146
Carrying value at March 31, 2014	$ 598,145	$ 17	$ 1,782,958	$ 2,912,458	$ 4,234	$ 53,490	$ 5,351,302
Cost							
Balance at January 1, 2014	$ 598,145	$ 151	$ 2,439,616	$ 6,284,679	$ 15,911	$ 249,959	$ 9,588,461
Additions	-	-	2,779	85,801	1,452	2,696	92,728
Disposals	-	-	-	(204,264)	-	(1,575)	(205,839)
Effect of foreign currency exchange differences	-	-	(14,046)	(53,733)	(248)	(2,021)	(70,048)
Transfer from investment property	-	-	(3,261)	-	-	-	(3,261)
Reclassification	-	-	-	20,546	-	(20,546)	-
Balance at March 31, 2015	$ 598,145	$ 151	$ 2,425,088	$ 6,133,029	$ 17,115	$ 228,513	$ 9,402,041
Accumulated depreciation and impairment							
Balance at January 1, 2015	$ -	$ 151	$ 691,467	$ 3,552,254	$ 9,358	$ 181,401	$ 4,434,631
Disposals	-	-	-	(196,836)	-	(1,458)	(198,294)
Depreciation expenses	-	-	33,378	198,578	713	6,205	238,874
Transfer from investment property	-	-	(774)	-	-	-	(774)
Effect of foreign currency exchange differences	-	-	(3,661)	(29,284)	(145)	(1,389)	(34,479)
Balance at March 31, 2015	$ -	$ 151	$ 720,410	$ 3,524,712	$ 9,926	$ 184,759	$ 4,439,958
Carrying value at January 1, 2015	$ 598,145	$ -	$ 1,748,149	$ 2,732,425	$ 6,553	$ 68,558	$ 5,153,830
Carrying value at March 31, 2015	$ 598,145	$ -	$ 1,704,678	$ 2,608,317	$ 7,189	$ 43,754	$ 4,962,083

The above items of property, plant and equipment were depreciated on a straight-line basis at the following rates per annum:

Land improvements	6 years
Buildings	
Industrial building	35-61 years
Electrical power systems	4-10 years
Engineering systems	1-17 years
Equipment	
Major production equipments	1-5 years
Temperature control systems	4-7 years
Transportation equipments	4-7 years
Transportation equipments	3-8 years
Office equipment	2-6 years

The major component parts of the buildings held by the Group included (plants, electro-powering machinery and engineering systems, etc.), which were depreciated over their estimated useful lives.

Refer to Note 33 for the carrying amount of property, plant and equipment that had been pledged by the group to secure borrowings/general banking facilities granted to the Group.

17. INVESTMENT PROPERTIES

	March 31, 2015	December 31, 2014	March 31, 2014
Completed investment property	$ 56,050	$ 55,173	$ 55,527

	Completed Investment Property
Cost	
Balance at January 1, 2014	$ 77,700
Effect of foreign currency exchange differences	883
Balance at March 31, 2014	$ 78,583
Accumulated depreciation and impairment	
Balance at January 1, 2014	$ (22,007)
Depreciation expense	(810)
Effect of foreign currency exchange differences	(239)
Balance at March 31, 2014	$ (23,056)
Cost	
Balance at January 1, 2015	$ 81,242
Transferred to property, plant and equipment	3,261
Effect of foreign currency exchange differences	(1,077)
Balance at March 31, 2015	$ 83,426

(Continued)

	Completed Investment Property
Accumulated depreciation and impairment	
Balance at January 1, 2015	$ (26,069)
Transferred to property, plant and equipment	(774)
Depreciation expense	(876)
Effect of foreign currency exchange differences	343
Balance at March 31, 2015	$ (27,376)

(Concluded)

The investment properties held by the Group were depreciated over their useful lives of 4-61 years, using the straight-line method.

The fair value of the Group's investment properties as of March 31, 2015, December 31, 2014 and March 31, 2014 was $112,289 thousand, $112,259 thousand and $132,092 thousand, respectively. The fair value valuation had not been performed by independent qualified professional valuers; however, management of the Group used the valuation model that market participants would use in determining the fair value the valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment property was held under freehold interests. The carrying amount of the investment properties that had been pledged by the Group to secure borrowings/general banking facilities granted to the Group were reflected in Note 33.

18. PREPAYMENTS FOR LEASE

	March 31, 2015	December 31, 2014	March 31, 2014
Current asset (included in prepaid rent line item)	$ 2,646	$ 2,564	$ 2,571
Noncurrent asset	116,805	119,352	116,097
	$ 119,451	$ 121,916	$ 118,668

As of March 31, 2015, December 31, 2014 and March 31, 2014, prepaid lease payments include land use right, which are located in Mainland China.

The carrying amount of the land use right certificates that had been pledged by the Group to secure borrowings/general banking facilities granted to the Group were reflected in Note 33.

19. OTHER ASSETS

	March 31, 2015	December 31, 2014	March 31, 2014
Current portion			
Prepaid expenses	$ 29,190	$ 26,936	$ 9,142
Overpaid sales tax	39,725	69,103	73,160
Others	16,487	13,923	14,165
	$ 85,402	$ 109,962	$ 96,467
Noncurrent portion			
Long-term prepayments	$ 88,321	$ 89,648	$ -
Prepayments for real estate	29,998	36,908	42,824
	$ 118,319	$ 126,556	$ 42,824

The prepayments for real estate is the payment made by TXC (Ningbo) Corporation for locating the office space.

20. BORROWINGS

a. Short-term borrowings

	March 31, 2015	December 31, 2014	March 31, 2014
Secured borrowings (Note 33)			
Bank loans (1)	$ 123,772	$ 110,226	$ 160,953
Unsecured borrowings			
Line of credit borrowings (2)	283,073	263,582	654,896
Letters of credit (3)	45,590	51,777	77,806
	328,663	315,359	732,702
	$ 452,435	$ 425,585	$ 893,655

1) The short-term secured borrowings interest rate at March 31, 2015, December 31, 2014 and March 31, 2014 on the bank loans was 1.464%, 1.78%-1.93% and 3.033%-3.296%. per annum.

2) The weighted average effective interest rate at March 31, 2015, December 31, 2014 and March 31, 2014 on the bank loans was 1.21%-2.198%, 1.15%-2.22% and 1.21%-2.342% per annum.

3) The letters of credit interest rate at March 31, 2015, December 31, 2014 and March 31, 2014 on the bank loans was 0.955%, 0.96% and 0.955%-0.967%. annum.

b. Long-term borrowings

	March 31, 2015	December 31, 2014	March 31, 2014
Secured borrowings (Note 32)			
Bank loans (1)	$ 450,000	$ 600,000	$ 637,500
Unsecured borrowings			
Bank loans	1,078,802	882,325	641,410
Less: Current portion	(684,927)	(538,300)	(491,410)
Long-term borrowings: Noncurrent	$ 843,875	$ 944,025	$ 787,500

The borrowings of the Group were as follows:

	Maturity Date	March 31, 2015	December 31, 2014	March 31, 2014
Floating rate borrowings				
Secured bank borrowing denominated in NT$	2016.08.17	$ -	$ -	$ 175,000
Secured bank borrowing denominated in NT$	2016.10.13	-	150,000	243,750
Secured bank borrowing denominated in NT$	2015.10.28	-	-	218,750
Secured bank borrowing denominated in NT$	2019.08.01	200,000	200,000	-
Unsecured bank borrowing denominated in NT$	2019.09.01	250,000	250,000	-
Unsecured bank borrowing denominated in NT$	2017.01.01	200,000	200,000	200,000
Unsecured bank borrowing denominated in NT$	2015.09.06	150,000	150,000	150,000
Unsecured bank borrowing denominated in NT$	2015.11.06	200,000	200,000	200,000
Unsecured bank borrowing denominated in NT$	2017.02.05	200,000	-	-
Unsecured bank borrowing denominated in US$	2016.02.27	62,600	63,300	60,940
Unsecured bank borrowing denominated in US$	2016.02.27	31,300	31,650	30,470
Unsecured bank borrowing denominated in US$	2016.05.28	78,250	79,125	-
Unsecured bank borrowing denominated in US$	2015.02.17	62,600	63,300	-
Unsecured bank borrowing denominated in US$	2016.02.01	94,052	94,950	-
Less: Current portion		(684,927)	(538,300)	(491,410)
		$ 843,875	$ 944,025	$ 787,500

The weighted average effective rate of the bank borrowings at March 31, 2015, December 31, 2014 and March 31, 2014 was 1.15%-1.805% per annum, 1.15%-1.782% per annum and 1.15%-1.836% per annum, respectively.

21. BONDS PAYABLE

	March 31, 2015	December 31, 2014	March 31, 2014
Unsecured domestic bonds	$ 786,282	$ 782,139	$ 769,480
Less: Current portion	(786,282)	-	-
	$ -	$ 782,139	$ 769,480

On January 25, 2013, the Corporation issued forth unsecured domestic convertible bonds with an aggregate value of $800,000 thousand to pay off borrowings and purchase equipment.

Other details of the bond issuance are summarized as follows:

a. Issue date: January 25, 2013.

b. Total issue amount: $800,000 thousand.

c. Issue price: 100%.

d. Par value: $100 thousand.

e. Coupon rate: 0%.

f. Repayment term: The bonds are repayable on January 25, 2016 upon the maturity of the bonds.

g. Conversion right: Holder can request for conversion of the bonds to the Corporation's common stock.

h. Conversion period: From February 26, 2013 to January 15, 2016.

i. Conversion price: The original conversion price per share is $44.3. The conversion price is subject to adjustment based on a certain formula if there are changes in outstanding shares or execution of conversion below market price.

j. Redemption of bonds

   1) Redemption on the maturity date: On the maturity date, the Corporation will redeem the bonds of the principal amounts.

   2) Early redemption on the maturity date:

      a) During the period of time between one month after issuance and the 40th day before maturity, if the closing price of the Corporation's shares reaches 30% of the conversion price for 30 consecutive trading days, the Corporation may redeem the remaining bonds at a price of their book value.

      b) During the period of time between one month after issuance and the 40th day before maturity, when over 90% of the bonds had been redeemed, bought back or converted, the Corporation may redeem the remaining bonds at a price of their book value.

k. Converted bond: As of March 31, 2015, there is no bonds had been converted into common stocks.

   The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - option. The effective interest rate of the liability component was 1.5% per annum on initial recognition.

Proceeds from issue	$ 800,000
Liability component at the date of issue	(5,001)
Embedded derivatives (less transaction costs allocated to the financial liabilities of $2 thousand)	318
Equity component (less transaction costs allocated to the equity component of $288 thousand)	(45,632)
Bonds converted into common stock	-
Interest expenses calculated by effective interest rate	36,597
Liability component at March 31, 2015	$ 786,282

Movements of the conversion option derivative instrument in the current period were as follows:

	The Conversion Option Derivative Instrument
Issued date	$ 318
Fair value changes loss	(318)
Balance at March 31, 2015	$ -

22. NOTES PAYABLE AND TRADE PAYABLES

	March 31, 2015	December 31, 2014	March 31, 2014
Trade payables			
Trade payables - operating	$ 1,130,899	$ 1,068,131	$ 1,106,073

The average credit period on purchases of certain goods was 2-3 months. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

23. OTHER LIABILITIES

	March 31, 2015	December 31, 2014	March 31, 2014
Other payables			
Bonus to employees, directors and supervisors	$ 153,245	$ 125,391	$ 145,817
Commission	68,340	69,758	78,339
Salaries	69,955	79,673	69,505
Bonus	54,614	209,856	53,542
Payables for annual leave	24,462	23,367	19,584
Others	106,960	98,876	99,559
	$ 477,576	$ 606,921	$ 466,346

(Continued)

	March 31, 2015	December 31, 2014	March 31, 2014
Other liabilities			
Construction receipt payable	$ 21,189	$ 9,390	$ 10,929
Deposits received	5,615	4,768	4,125
Others	34,672	48,291	25,083
	$ 61,476	$ 62,449	$ 40,137
Noncurrent			
Guarantee deposits received (Note 28)	$ 57,359	$ 30,866	$ 31,237

(Concluded)

24. RETIREMENT BENEFIT PLANS

Employee benefit expenses for the three months ended March 31, 2015 and 2014 were $599 thousand and $2,590 thousand.

25. EQUITY

a. Capital stock

Ordinary shares

	March 31, 2015	December 31, 2014	March 31, 2014
Numbers of shares authorized (in thousands)	500,000	500,000	500,000
Shares authorized	$ 5,000,000	$ 5,000,000	$ 5,000,000
Number of shares issued and fully paid (in thousands)	309,757	309,757	309,757
Shares issued	$ 3,097,570	$ 3,097,570	$ 3,097,570

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

50,000 thousand shares and 20,000 thousand shares of the Company's shares authorized were reserved for the issuance of convertible bonds and employee share options.

b. Capital surplus

	March 31, 2015	December 31, 2014	March 31, 2014
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Arising from issuance of common shares	$ 611,776	$ 611,776	$ 611,776
Arising from conversion of bonds	977,028	977,028	977,028

(Continued)

	March 31, 2015	December 31, 2014	March 31, 2014
Arising from share warrants	$ 27,745	$ 27,745	$ 27,745
<u>May not be used for any purpose</u>			
Arising from recognition of option premium on issue of convertible bonds	45,632	45,632	45,632
	$ 1,662,181	$ 1,662,181	$ 1,662,181

(Concluded)

The carrying amount at the beginning and at the end of three months ended 2014 was no change for each class of capital surplus.

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

<u>Appropriation of earnings and dividend policy</u>

Under the Corporation's Articles of Incorporation, the Corporation should appropriate 10% of its net income less any prior years' deficit as legal reserve. The remaining amount may be fully retained or partially retained and partially distributed for dividends, upon the stockholders' approval, according to the following percentages.

1) Employee bonus - not less than 3%

2) Directors and supervisors' remuneration - not more than 2%

3) Stock bonuses to employees include subsidiaries' employees who meet certain criteria set by the stockholders' meetings.

Dividends are recommended by the board of directors in accordance with the Corporation's dividend policy. Under this policy, industry trend and growth should be evaluated, investment opportunities should be fully understood, and proper capital adequacy ratios should be considered in determining the dividend to be distributed. In addition, cash dividends should not be less than 20% of the total dividends to be appropriated.

For the three months ended March 31, 2015 and 2014, the bonus to employees was $23,875 thousand and $23,988 thousand, respectively, and the remuneration to directors and supervisors was $3,979 thousand and $3,998 thousand, respectively. The bonus to employees and remuneration to directors and supervisors represented 12% and 2%, respectively, of net income (net of the bonus and remuneration). Material differences between such estimated amounts and the amounts proposed by the Board of Directors in the following year are adjusted for in the current year. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the stockholders' meeting.

Under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's capital surplus. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's capital surplus, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2014 and 2013 had been approved in the shareholders' meetings on May 4, 2015 and June 18, 2014, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2014	2013	2014	2013
Legal reserve	$ 99,517	$ 93,516	$ -	$ -
Cash dividends	774,393	681,465	2.5	2.2

The bonus to employees and the remuneration to directors and supervisors for 2014 and 2013 approved in the shareholders' meetings on May 4, 2015 and June 18, 2014, respectively, were as follows:

	For the Year Ended 2014		For the Year Ended 2013	
	Cash Dividends	Stock Dividends	Cash Dividends	Stock Dividends
Bonus to employees	$ 107,478	$ -	$ 100,998	$ -
Remuneration of directors and supervisors	17,913	-	16,833	-

There were no differences between the approved amounts of the bonus to employees and the remuneration to directors and supervisors were primarily due to changes in estimates had been adjusted in profit and loss for the three months ended March 31, 2015.

Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

26. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

Net profit (loss) from continuing operations had been arrived at after charging (crediting)

a. Other income

	For the Three Months Ended March 31	
	2015	2014
Interest income	$ 7,095	$ 5,132
Income from government grants	1,728	12,890
Others	12,586	20,354
	$ 21,409	$ 38,376

b. Other gains and losses

	For the Three Months Ended March 31	
	2015	2014
Gain/(loss) on disposal of property, plant and equipment	$ 5,772	$ (1,483)
Gain on disposal of investment	1,254	-
Net gain/(loss) arising on financial assets designated as at FVTPL	17,349	(13,793)
Impairment loss on financial assets	-	(1,936)
Foreign exchange (losses)/gains	(6,849)	35,908
Other expense	(3,719)	(11,731)
	$ 13,807	$ 6,965

c. Impairment loss on financial assets

	For the Three Months Ended March 31	
	2015	2014
Available-for-sale financial assets - current	$ -	$ (1,936)

d. Finance costs

	For the Three Months Ended March 31	
	2015	2014
Interest on bank loans	$ (6,774)	$ (7,288)
Interest on convertible bonds	(4,143)	(4,143)
	$ (10,917)	$ (11,431)

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2015	2014
Property, plant and equipment	$ 238,874	$ 229,642
Investment property	876	810
Others	4,630	6,492
	$ 244,380	$ 236,944
An analysis of deprecation by function		
Operating costs	$ 207,788	$ 207,490
Operating expenses	31,962	22,962
	$ 239,750	$ 230,452

(Continued)

	For the Three Months Ended March 31	
	2015	2014
An analysis of amortization by function		
Operating costs	$ 2,604	$ 2,886
Operating expenses	2,026	3,606
	$ 4,630	$ 6,492

(Concluded)

f. Employee benefits expense

	For the Three Months Ended March 31	
	2015	2014
Post-employment benefits (see Note 24)		
Defined contribution plans	$ 14,645	$ 12,782
Defined benefit plans	599	2,590
	15,244	15,372
Other employee benefits		
Salaries	329,832	295,464
Insurance expenses	17,761	17,603
Others	5,510	4,872
	353,103	317,939
	$ 368,347	$ 333,311
An analysis of employee benefits expense by function		
Operating costs	$ 215,549	$ 192,613
Operating expenses	152,798	140,698
	$ 368,347	$ 333,311

g. Gain or loss on foreign currency exchange

	For the Three Months Ended March 31	
	2015	2014
Foreign exchange gains	$ 17,810	$ 80,449
Foreign exchange losses	(24,659)	(44,541)
	$ (6,849)	$ 35,908

27. INCOME TAXES RELATING TO CONTINUING

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2015	2014
Current tax		
In respect of the current period	$ 14,598	$ 24,362
Income tax of unappropriated earnings	-	-
	14,598	24,362
Deferred tax		
In respect of the current period		
	7,948	6,574
Income tax expense recognized in profit or loss	$ 22,546	$ 30,936

b. Current income tax liabilities

	March 31, 2015	December 31, 2014	March 31, 2014
Current income tax liabilities			
Current tax liabilities	$ 83,029	$ 73,576	$ 74,224

c. Integrated income tax

	March 31, 2015	December 31, 2014	March 31, 2014
Unappropriated earnings			
Unappropriated earnings generated before January 1, 1997	$ -	$ -	$ -
Unappropriated earnings generated on and after January 1, 1998	2,832,437	2,611,372	2,624,767
	$ 2,832,437	$ 2,611,372	$ 2,624,767
Imputation credits accounts	$ 117,593	$ 117,593	$ 90,043

The creditable ratio for distribution of earnings of 2014 and 2013 was 6.71% (predict) and 6.20%, respectively.

d. Income tax assessments

The tax returns through 2009 and 2011, had been assessed by the tax authorities.

28. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Period

	For the Three Months Ended March 31	
	2015	**2014**
Profit for the period attributable to owners of the Company	$ 221,065	$ 222,112
Effect of dilutive potential ordinary shares:		
Convertible bonds	3,439	3,439
Employee share option	-	-
Earnings used in the computation of diluted earnings per share	$ 224,504	$ 225,551

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Three Months Ended March 31	
	2015	**2014**
Weighted average number of ordinary shares in computation of basic earnings per share	309,757	309,757
Effect of dilutive potential ordinary shares:		
Convertible bonds	18,059	17,204
Employee share option	-	-
Bonus issue to employee	3,280	3,071
Weighted average number of ordinary shares used in the computation of diluted earnings per share	331,096	330,032

If the Group was able to settle the bonuses paid to employees by cash or shares, the Group presumed that the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the shares had a dilutive effect. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

29. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Operating leases relate to leases of warehouse in trade zone with lease terms 3 years. All operating lease contracts contain clauses for 3-yearly market rental reviews. The Group does not have a bargain purchase option to acquire the leased land at the expiry of the lease periods.

As of March 31, 2015, December 31, 2014 and March 31, 2014, refundable deposits paid under operating lease all amounted to $727 thousand.

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	March 31, 2015	December 31, 2014	March 31, 2014
Not later than 1 year	$ 2,909	$ 2,909	$ 2,908
Later than 1 year and not later than 5 years	727	1,455	3,637
Later than 5 years	-	-	-
	$ 3,636	$ 4,364	$ 6,545

b. The Group as lessor

Operating leases relate to the investment property owned by the Group with lease terms between 1 to 2 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

The future minimum lease payments of non-cancellable operating lease were as follows:

	March 31, 2015	December 31, 2014	March 31, 2014
Not later than 1 year	$ 4,031	$ 4,623	$ 1,892
Later than 1 year and not later than 5 years	1,155	-	-
Later than 5 years	-	-	-
	$ 5,186	$ 4,623	$ 1,892

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity.

The Group is not subject to any externally imposed capital requirements.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

The management consider that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

2) Fair value measurements recognized in the balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

March 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 593,904	$ -	$ -	$ 593,904
Structured deposits	-	468,367	-	468,367
Forward exchange contracts	-	2,978	-	2,978
	$ 593,904	$ 471,345	$ -	$ 1,065,249
Available-for-sale financial assets				
Securities unlisted in ROC				
Equity securities	$ -	$ -	$ 44,510	$ 44,510
Mutual funds	130,957	-	-	130,957
	$ 130,957	$ -	$ 44,510	$ 175,467

December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 833,586	$ -	$ -	$ 833,586
Structured deposits	-	315,418	-	315,418
	$ 833,586	$ 315,418	$ -	$ 1,149,004
Available-for-sale financial assets				
Securities unlisted in ROC				
Equity securities	$ -	$ -	$ 44,510	$ 44,510
Mutual funds	20,800	-	-	20,800
	$ 20,800	$ -	$ 44,510	$ 65,310
Financial liabilities at FVTPL				
Forward exchange contracts	$ -	$ 15,352	$ -	$ 15,352

March 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Structured deposits	$ -	$ 569,477	$ -	$ 569,477
Mutual funds	396,551	-	-	396,551
	$ 396,551	$ 569,477	$ -	$ 966,028
Available-for-sale financial assets				
Securities unlisted in ROC				
Equity securities	$ -	$ -	$ 44,510	$ 44,510
Mutual funds	118,220	-	-	118,220
	$ 118,220	$ -	$ 44,510	$ 162,730
Financial liabilities at FVTPL				
Forward exchange contracts	$ -	$ 25,274	$ -	$ 25,274

There were no transfers between Levels 1 and 2 between January 1 to March 31, 2014 to 2015.

3) Reconciliation of Level 3 fair value measurements of financial assets

March 31, 2015

	Available-for-sale Financial Assets
	Unlisted Shares
Balance at January 1, 2015	$ 44,510
Net translation differences	-
Balance at March 31, 2015	$ 44,510

December 31, 2014

	Available-for-sale Financial Assets
	Unlisted Shares
Balance at January 1, 2014	$ 44,510
Net translation differences	-
Balance at December 31, 2014	$ 44,510

March 31, 2014

	Available-for-sale Financial Assets Unlisted Shares
Balance at January 1, 2014	$ 44,510
Net translation differences	-
Balance at March 31, 2014	$ 44,510

4) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Structured deposits	Book value method. The products had short matured period, therefore the fair value is reasonable to be estimated based on the book value.

5) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The fair values of unlisted equity securities - ROC were determined using income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The significant unobservable inputs used are listed on the table below. An increase in long-term revenue growth rates or long-term pre-tax operating margin or a decrease in WACC or discount for lack of marketability used in isolation would result in increase in fair value.

	March 31, 2015
Long-term revenue growth rates	29.51%
Long-term pre-tax operating margin	9%
WACC	11.17%
Discount for lack of marketability	33.18%

6) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices (includes listed redeemable bonds, bills of exchange, corporate bonds and perpetual notes). Where such prices were not available, valuation techniques were applied. The estimates and assumptions used by the Group are consistent with those that market participants would use in setting a price for the financial instrument;

b) The fair values of derivative instruments were calculated using quoted prices. Where such prices were not available, a discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. The estimates and assumptions used by the Group were consistent with those that market participants would use in setting a price for the financial instrument.

b. Categories of financial instruments

	March 31, 2015	December 31, 2014	March 31, 2014
Financial assets			
Fair value through profit or loss (FVTPL) (1)	$ 1,065,249	$ 1,149,004	$ 966,028
Loans and receivables (2)	4,968,331	4,861,651	4,489,074
Held-to-maturity investments (3)	98,120	47,840	47,840
Available-for-sale financial assets (4)	175,467	65,310	162,730
Financial assets measured at cost	161,998	111,998	198,245
Financial liabilities			
Fair value through profit or loss (FVTPL) (1)	-	15,352	25,274
Amortized cost (5)	4,377,933	4,366,561	4,516,323

1) The balances included the carrying amount of structured deposits, forward exchange contracts, bond investment and convertible bonds - redemption.

2) The balances included loans and receivables measured at amortized cost, which comprise (cash and cash equivalents, notes receivables, trade and other receivables, other financial assets, and refundable deposits.

3) The balances included the carrying amount of financial bond investment.

4) The balances included the carrying amount of available-for-sale shares and mutual funds.

5) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, notes, payable, trade and other payables, and bonds issued.

c. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, bonds payable, borrowings. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reported quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including: Forward foreign exchange contracts to hedge the exchange rate risk arising on the Group's foreign currency monetary.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period (see Note 36).

<u>Sensitivity analysis</u>

The Group was mainly exposed to the USD and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. The sensitivity analysis included external loans/borrowings as well as loans/borrowings to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in post-tax profit and other equity associated with New Taiwan dollars strengthen 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	USD Impact		**JPY Impact**	
	For the Three Months Ended March 31		**For the Three Months Ended March 31**	
	2015	**2014**	**2015**	**2014**
Profit or loss	$ 20,149	$ 15,561	$ (1,419)	$ (2,578)

i. This was mainly attributable to the exposure outstanding on USD receivables and payables, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure to outstanding JPY payables, which were not hedged, at the end of the reporting period.

b) Interest rate risk

The Group was exposed to interest rate risk because the Group's bank deposits and the Group borrowed funds at floating interest rates.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2015	**December 31, 2014**	**March 31, 2014**
Fair value interest rate risk			
Financial assets	$ 652,983	$ 472,410	$ 1,092,797
Financial liabilities	786,282	782,139	769,480
Cash flow interest rate risk			
Financial assets	1,514,891	1,345,005	715,677
Financial liabilities	1,981,237	1,907,910	2,172,565

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.25% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2015 and 2014 would decrease/increase by $291 thousand and $911 thousand, which was mainly attributable to the Group's exposure to interest rates on its floating rate bank deposits and bank borrowings.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

The carrying amount of the respective recognized financial assets as stated in the balance sheets.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liability. As of March 31, 2015, December 31, 2014 and March 31, 2014, the Group had available unutilized overdraft and short-term bank loan facilities of approximately $3,876,883 thousand, $4,211,847 thousand and $3,687,073 thousand, respectively.

Liquidity and interest risk rate tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

March 31, 2015

	Weighted Interest Average Effective Rate (%)	**Less Than 1 Year**	**2-3 Years**	**4-5 Years**	**5+ Years**	**Total**
Non-derivative financial liabilities						
Accounts payable	-	$ 1,131,352	$ -	$ -	$ -	$ 1,131,352
Other payables	-	479,062	-	-	-	479,062
Other current liabilities	-	61,476	-	-	-	61,476
Bonds payable	-	786,282	-	-	-	786,282
Variable interest rate (liabilities)	0.955-2.198	1,137,362	703,250	140,625	-	1,981,237
Guarantee deposits received	-	-	57,359	-	-	57,359

December 31, 2014

	Weighted Interest Average Effective Rate (%)	**Less Than 1 Year**	**2-3 Years**	**4-5 Years**	**5+ Years**	**Total**
Non-derivative financial liabilities						
Accounts payable	-	$ 1,068,452	$ -	$ -	$ -	$ 1,068,452
Other payables	-	608,060	-	-	-	608,060
Other current liabilities	-	62,449	-	-	-	62,449
Bonds payable	-	782,139	-	-	-	782,139
Variable interest rate (liabilities)	0.96-2.22	963,885	494,025	450,000	-	1,907,910
Guarantee deposits received	-	-	30,866	-	-	30,866

March 31, 2014

	Weighted Interest Average Effective Rate (%)	**Less Than 1 Year**	**2-3 Years**	**4-5 Years**	**5+ Years**	**Total**
Non-derivative financial liabilities						
Accounts payable	-	$ 1,106,317	$ -	$ -	$ -	$ 1,106,317
Other payables	-	467,961	-	-	-	467,961
Other current liabilities	-	40,137	-	-	-	40,137
Bonds payable	-	-	769,480	-	-	769,480
Variable interest rate (liabilities)	0.955-3.296	1,385,065	787,500	-	-	2,172,565
Guarantee deposits received	-	-	31,237	-	-	31,237

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2014

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Foreign exchange forward contracts	$ (10,081)	$ (4,978)	$ (293)	$ -	$ -

March 31, 2014

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Foreign exchange forward contracts	$ (4,613)	$ (14,924)	$ (5,737)	$ -	$ -

32. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Trading Transactions

	For the Three Months Ended March 31	
	2015	2014
Sales of goods		
Associates	$ 5,633	$ 12,863
Purchase of goods		
Associates	$ -	$ 158
Others	20	1
	$ 20	$ 159
Operating expenses		
Associates	$ -	$ 110
Others	174	-
	$ 174	$ 110

	For the Three Months Ended March 31	
	2015	2014
Commission revenue		
Associates	$ 385	$ 420

Selling prices to related parties were similar to those for third parties.

Rental Revenue

			For the Three Months Ended March 31			
			2015		2014	
Related Party	Location	Rent Collection	Amount	% to Total Account Balance	Amount	% to Total Account Balance
TSE Technology (Ning bo) Co., Ltd. (TSE Technology)	1F., No. 189, Huangshan W. Rd., Beilun Dist., Ningbo City	Based on contract, and paid on a monthly basis	$ 925	-	$ 891	-

Receivable from and Payable to Related Parties

	March 31, 2015	December 31, 2014	March 31, 2014
Accounts receivable from related parties			
Associates	$ 5,914	$ 6,912	$ 13,506
Less: Allowance for impairment loss	(35)	(42)	(115)
	$ 5,879	$ 6,870	$ 13,391
Account payable to related parties			
Associates	$ -	$ -	$ 160
Others	453	321	84
	$ 453	$ 321	$ 244
Other receivables from related parties			
Associates	$ 828	$ 628	$ 887
Other payable from related parties			
Associates	$ -	$ 1,139	$ 1,615
Others	1,486	-	-
	$ 1,486	$ 1,139	$ 1,615

Term of purchases from related parties were similar to those for third parties.

Acquisition of Property, Plant and Equipment

	Acquisition Amounts For the Three Months Ended March 31	
	2015	2014
Associates	$ -	$ 42
Others	253	-
	$ 253	$ 42

Compensation of Key Management Personnel

The remuneration of directors and other members of key management personnel for the three months ended March 31, 2015 and 2014 were as follows:

	For the Three Months Ended March 31	
	2015	2014
Short-term benefits	$ 18,096	$ 17,898
Post-employment benefits	611	502
	$ 18,707	$ 18,400

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, the tariff of imported raw materials guarantees or the deposit for hiring foreign workers:

	March 31, 2015	December 31, 2014	March 31, 2014
Land	$ 573,770	$ 573,770	$ 573,770
Building equipment, net	1,311,574	1,340,872	1,412,241
Investment property	28,030	28,897	48,961
Prepaid rental	15,715	16,169	15,692
	$ 1,929,089	$ 1,959,708	$ 2,050,664

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

Unused letters of credit amounted to approximately JPY111,964 thousand, JPY343,688 thousand and JPY181,829 thousand as of March 31, 2015, December 31, 2014 and March 31, 2014.

As of March 31, 2014, the Company unrecognized commitments are as follows:

	Contract Amount	Paid Amount	Unpaid Amount
Acquisition of equipment	$ 61,665	$ 12,558	$ 49,107
Acquisition of equipment	RMB 3,853	RMB -	RMB 3,853
Acquisition of equipment	JPY 148,450	JPY -	JPY 148,450

For the year ended December 31, 2014, the Company sold overseas unlisted common shares of Sitime to unrelated party amounted to $20,551 thousand and had already received $7,917 thousand, while the remaining payment of $12,634 thousand have to fulfill specific conditions to be collected. The Company will recognize the remaining balance once the conditions be fulfilled and the value can be reliably measured.

35. SIGNIFICANT EVENTS AFTER REPORTING PERIOD: NONE

36. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

March 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 105,063	31.30 (USD:NTD)	$ 3,288,472
USD	29,071	6.1422 (USD:RMB)	909,922
JPY	331,374	0.2604 (JPY:NTD)	86,290
Financial liabilities			
Monetary items			
USD	36,819	31.30 (USD:NTD)	1,152,435
USD	32,940	6.1422 (USD:RMB)	1,031,022
JPY	631,330	0.2604 (JPY:NTD)	164,398
JPY	244,895	0.511 (JPY:RMB)	63,771

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 101,241	31.65 (USD:NTD)	$ 3,204,278
USD	27,111	6.119 (USD:RMB)	858,063
JPY	286,404	0.2646 (JPY:NTD)	75,782
Financial liabilities			
Monetary items			
USD	52,924	31.65 (USD:NTD)	1,675,045
USD	29,556	6.119 (USD:RMB)	935,447
JPY	763,009	0.2646 (JPY:NTD)	201,892
JPY	110,966	0.0512 (JPY:RMB)	29,362

March 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 89,970	30.47 (USD:NTD)	$ 2,741,386
USD	24,464	6.1521 (USD:RMB)	745,418
JPY	163,991	0.296 (JPY:NTD)	48,541
Financial liabilities			
Monetary items			
USD	33,087	30.47 (USD:NTD)	1,008,161
USD	30,278	6.1521 (USD:RMB)	922,570
JPY	979,151	0.296 (JPY:NTD)	289,829
JPY	55,931	0.0598 (JPY:RMB)	16,556

37. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees:

1) Lending funds to others.

2) Providing endorsements or guarantees for others.

3) Holding of securities at the end of the period.

4) Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more.

5) Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more.

6) Disposal of real estate reaching NT$300 million or 20 percent of paid-in capital or more.

7) Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more.

8) Trade receivables from related parties reaching NT$100 million or 20 percent of paid-in capital or more.

9) Trading in derivative instruments.

10) Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them.

11) Information on investees

b. Information on investments in Mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

38. SEGMENT INFORMATION

	Segment Revenue		Segment Profit	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2015	2014	2015	2014
Crystal	$ 2,037,484	$ 2,099,794	$ 215,473	$ 220,295
Others	97,585	65,738	1,319	(6,139)
	$ 2,135,069	$ 2,165,532	216,792	214,156
Investment income share of profits of associates accounted for using the equity method			2,520	4,982
Interest income			7,095	5,132
Gain (loss) on disposal of property, plant and equipment			5,772	(1,483)
Exchange (loss) gain			(6,849)	35,908
Valuation gain (loss) on financial instruments			17,349	(13,793)
Financial costs			(10,917)	(11,431)
Others			11,849	19,577
Profit before tax (continuing operations)			$ 243,611	$ 253,048

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the three months ended March 31, 2015 and 2014.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognized on the disposal of interest in former associates, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of financial instruments, exchange gain or loss, valuation gain or loss on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

TABLE 1

TXC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2015
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Holding Company	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	March 31, 2015				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
TXC Corporation	Mutual fund							
	CTBC Multiple Income Fund A	None	Available-for-sale financial assets	2,000	$ 20,000	-	$ 20,000	
	Cathay RMB Money Market Fund	〃	〃	484	25,249	-	25,249	
	Fubon China Money Market TWD	〃	〃	1,669	85,708	-	85,708	
					$ 130,957		$ 130,957	
	Stock - emerging company							
	Win Win Precision Technology Co., Ltd.	None	Available-for-sale financial assets - noncurrent	1,365	$ 44,510	3.00	$ 44,510	
	Stock - unlisted company							
	Marson Technology Co., Ltd.	None	Financial assets carried at cost	414	$ 3,000	5.00	None	
	Guandong Failong Crystal Technology Co., Ltd.	〃	〃	RMB 10,096	46,478	8.00	〃	
	Si-Time Corporation	Chairman is a direct of the Company	〃	2,000	62,520	2.00	〃	
	iSentek Inc.	None	〃	2,500	50,000	12.82	〃	
					$ 161,998			
	Financial bonds							
	Chinatrust unsecured priority financial bond	None	Held-to-maturity financial assets - noncurrent	RMB 10,000	$ 47,840	-	$ 47,840	
	Cayman Ton Yi Industrial Holdings		〃	RMB 10,000	50,280	-	50,280	
					$ 98,120		$ 98,120	
NGB	Mutual fund							
	China GuangFa Money Market Fund	None	Financial instruments at FVTPL - current	RMB 32,196	$ 164,378	-	$ 164,378	
	China AMC Money Market Fund	〃	〃	RMB 6,491	33,077	-	33,077	
	Agriculture Bank of China	〃	〃	RMB 25,299	129,036	-	129,036	
	China Merchants fund Management Co., Ltd.	〃	〃	RMB 16,000	81,830	-	81,830	
	China International Fund Management Co., Ltd.	〃	〃	RMB 4,077	26,055	-	26,055	
	China Merchants Bond Fd A	〃	〃	RMB 8,173	51,163	-	51,163	
					$ 485,539		$ 485,539	
	Structured deposits							
	Bank of Communication	〃	〃	RMB 20,111	$ 102,482	-	$ 102,482	
	First Sino Bank	〃	〃	RMB 20,172	102,794	-	102,794	
	China Everbright Bank	〃	〃	RMB 31,067	158,315	-	158,315	
					$ 363,591		$ 363,591	

(Continued)

Holding Company	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	March 31, 2015				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
TXC (Chongqing) Limited	Mutual fund							
	E Fund Money Market Fund	〃	Financial instruments at FVTPL - current	RMB 1	$ 4	-	$ 4	
		〃	〃	RMB 2,765	14,090	-	14,090	
	Southern Cash Fund	〃	〃	RMB 16,999	86,796	-	86,796	
					$ 100,890		$ 100,890	
	Structured deposits							
	Agriculture Bank of China	〃	〃	RMB 5,209	$ 26,544	-	$ 26,544	
	First Sino Bank	〃	〃	RMB 4,333	22,082	-	22,082	
					$ 48,626		$ 48,626	
Ningbo Jingyu Company Limited	Mutual fund							
	Southern Cash Fund	〃	〃	RMB 1,464	$ 7,475	-	$ 7,475	
	Structured deposits							
	China Construction Bank	〃	〃	RMB 11,018	$ 56,150		$ 56,150	

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms (Note)	Unit Price	Payment Terms	Ending Balance	% to Total	
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	Purchase	$ 488,032	36	Note	Its trading price depends on its function within the Group	Note	$ (623,247)	(48)	
	TXC (Chongqing) Limited		Purchase	129,307	9	〃	〃	〃	(128,477)	(10)	
TXC (Ningbo) Corporation	Growing Profit Trading Ltd.	Subsidiary	Purchase	122,066	33	〃	〃	〃	(198,404)	(33)	

Note: The terms of purchases from related parties were not significantly different from those with third parties.

TXC CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2015
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationship	Balance of Accounts Receivable - Related Party	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debt
					Amount	Action Taken		
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	$ 104,888	2.83	$ -	-	$ 43,610	$ -
TXC (Ningbo) Corporation	TXC Corporation	Subsidiary	623,247	3.13	-	-	306,958	-
Growing Profits Trading Ltd.	TXC (Ningbo) Corporation	Subsidiary	198,404	2.46	-	-	104,413	-
TXC (Chongqing) Limited	TXC Corporation	Subsidiary	128,477	4.03	-	-	42,886	-

TABLE 4

TXC CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2015			Net Income (Losses) of the Investee	Equity in the Earnings (Losses)	Note
				March 31, 2015	December 31, 2014	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
TXC Corporation	Taiwan Crystal Technology International Ltd.	Western Samoa	Investment	$ 1,390,461	$ 1,390,461	42,835	100.00	$ 4,534,720	$ 103,208	$ 101,125	Difference from upstream transactions $2,083 thousand
	TXC Technology Inc.	U.S.A.	Marketing activities	9,879	9,879	300	100.00	12,695	(918)	(918)	
	TXC Japan Corporation	Japan	Marketing activities	6,172	6,172	2	100.00	12,923	1,798	1,798	
	Taiwan Crystal Technology International (HK) Limited	Hong Kong	Investment	298,362	298,362	10,080	100.00	346,527	10,743	10,743	
	Taishing Electronics Company Taiwan	Taiwan	Manufacture and sales of electronics products	65,000	65,000	2,500	12.5	66,855	20,160	2,520	
Taiwan Crystal Technology International Ltd.	Growing Profit Trading Ltd.	B.V.I.	International trading	1,691	1,691	50	100.00	273,027	16,825	16,825	
	TXC (Ningbo) Corporation	Ningbo	Manufacture and sales of electronics products	1,487,211	1,487,211	45,835	100.00	4,299,576	86,383	86,383	
TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	Chongqing	Manufacture and sales of electronics products	446,431	446,431	92,710	59.56	509,929	26,566	15,823	
	Chongqing All Sun Company Limited	Chongqing	Market activities	312,644	312,644	66,000	100.00	336,327	124	124	
	Ningbo Jingyu Company Limited	Ningbo	International trading	4,807	4,807	1,000	100.00	8,830	671	671	
Taiwan Crystal Technology International (HK) Limited	TXC (Chongqing) Limited	Chongqing	Manufacture and sales of electronics products	298,362	298,362	10,080	40.44	345,960	26,566	10,743	

TABLE 5

TXC CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(In Thousands of New Taiwan Dollars or U.S. Dollars)

1. Name of the investees in Mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in Mainland China:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2015 (US$ in Thousand)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2015 (US$ in Thousand)	Investee Company Net Income	Percentage of Ownership	Investment Income (Loss) Recognized (Note 2)	Carrying Amount as of March 31, 2015	Accumulated Inward Remittance of Earnings as of March 31, 2015
					Outflow	Inflow						
TXC (Ningbo) Corporation	Manufacturing and sales of crystal and crystal oscillator	$ 1,487,211	Indirect investment of the Corporation in Mainland China through the Corporation's subsidiary in a third region	$ 1,427,630	$ -	$ -	$ 1,427,630	$ 86,383	100.00	$ 86,383	$ 4,299,576	$ 256,146
Guandong Failong Crystal Technology Co., Ltd.	Manufacturing and sales of new electronic components	580,947	Direct investment of the Corporation in Mainland China	46,478	-	-	46,478	-	8.00	-	46,478	-
TXC (Chongqing) Corporation	Manufacturing and sales of electronic devices and hardware components	744,793	Indirect investment of the Corporation in Mainland China through the Corporation's subsidiary in a third region	298,362	-	-	298,362	26,566	100.00	26,566	855,889	-
Chongqing All Suns Company Limited	Real estate intermediary service, real estate management and electronic product wholesale	312,644	Other investment of the Corporation Mainland China	-	-	-	-	124	100.00	124	336,327	-
Ningbo Jingyu Company Limited	Purchasing and selling electronic component	4,807	Other investment of the Corporation Mainland China	-	-	-	-	671	100.00	671	8,830	-

2.

Accumulated Investment in Mainland China as of March 31, 2015 (US$ in Thousand)	Investment Amounts Authorized by Investment Commission, MOEA (US$ in Thousand)	Upper Limit on Investment
$ 1,772,470	$ 1,832,878	$ 5,425,531

Note: The investment in Mainland China is limited to 60% of stockholders' equity or consolidated stockholders' equity whichever is higher.

TXC CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(In Thousands of New Taiwan Dollars)

1. Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

Company Name	Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Term	Comparison with Normal Transaction	Ending Balance	%		
TXC Corporation	NGB	Purchase	$ 488,032	36	Its trading price depends on its function within the group	Similar with third parties	Its trading price depends on its function within the group	$ (623,247)	(48)	$ 25,176	
		Sale	74,104	4	〃	〃	〃	104,888	4	2,324	
	CKG	Purchase	129,307	9	〃	〃	〃	(128,477)	(10)	10,246	
GPT	NGB	Sale	122,066	38	〃	〃	〃	198,404	37	-	
	CKG	Sale	62,508	20	〃	〃	〃	62,065	15	-	

2. The transactions of properties and the profit or loss: None.

3. Endorsements guarantees or collateral directly or indirectly provided to the investees: None.

4. Financings directly or indirectly provided to the investees: Note.

5. Other transactions that significantly impacted current year’s profit or loss or financial position: None.

TXC CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(In Thousands of New Taiwan Dollars)

For the three months ended March 31, 2015

No.	Company Name	Counterparty	Natural of Relationship (Note 1)	Intercompany Transactions			
				Accounts	Amount	Terms (Note 2)	Percentage of Consolidated Total Gross Sales or Total Assets (%)
0	TXC Corporation	TXC Technology, Inc.	a	Sales	$ 275	a	-
				Other expense - consulting expense	15,131	a	1
		TXC Japan Corporation	a	Sales	1,341	a	-
				Other expense - consulting expense	9,734	a	-
				Purchase	7,992	a	-
				Accounts payable	6,403	a	-
				Accounts receivable	942	a	-
		TXC (Ningbo) Corporation	a	Sales	74,104	a	3
				Purchase	488,032	a	23
				Accounts receivable	104,888	a	1
				Accounts payable	623,247	a	5
				Other receivable	32,533	a	-
		TXC (Chongqing) Limited	a	Sales	667	a	-
				Purchase	129,307	a	6
				Accounts receivable	662	a	-
				Accounts payable	128,477	a	1
				Other receivable	2,896	a	-
		Growing profits Trading Ltd.	a	Purchase	25,751	a	1
				Accounts payable	38,517	a	-
1	TXC (Ningbo) Corporation	Growing profits Trading Ltd.	c	Purchase	122,066	c	6
				Accounts payable	198,404	c	1
		TXC (Chongqing) Limited	c	Sales	4,198	c	-
				Purchase	33,685	c	2
				Accounts receivable	6,515	c	-
				Accounts payable	65,754	c	-
				Other receivable	101,077	c	1
2	TXC (Chongqing) Limited	Growing profits Trading Ltd.	c	Purchase	62,508	c	3
				Accounts payable	62,065	c	-

Note 1: a. Represent the transactions from parent company to subsidiary.
c. Represent the transactions between subsidiaries.

Note 2: In 2014, the selling price and purchasing price were not significantly different from those with third parties, except those for NGB, GPT and TXC (Chongqing) Limited which depends on its function within the Group.